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C O N F I D E N T I A L SECTION 01 OF 03 ULAANBAATAR 000598

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TAGS: [PREL](#) [PGOV](#) [ECON](#) [SOCI](#) [MG](#)
SUBJECT: AS MONGOLIAN PRESIDENT HEADS TO WASHINGTON,
POLITICAL TURMOIL AT HOME

REF: ULAANBAATAR 585

Classified By: Charge d'Affaires Brian L. Goldbeck for Reason 1.4 (d).

11. (C) SUMMARY: As Mongolian President Enkhbayar prepares to depart for an October 22 summit with President Bush, a fierce power struggle continues to rage within his ruling Mongolian People's Revolutionary Party (MPRP), the former communist party. With the party's approval rating at less than 30%, the MPRP parliamentary faction that supports the President is in confrontation with that of Prime Minister Enkhbold, on issues that have much to do with the domestic balance of power. While President Enkhbayar is away, the MPRP will convene, as scheduled, an extraordinary party Congress that will determine, among other things, whether Prime Minister Enkhbold can continue to serve concurrently as MPRP Chairman.

If Enkhbold prevails, 13 members of the pro-Enkhbayar faction may decide to break away from the MPRP and, with the President, form their own party. Meanwhile, the leader of the key opposition Democratic Party, former Prime Minister Elbegdorj, has reappeared in public following an automobile accident that required his medical treatment abroad. A number of new political groups have emerged and are trying to register as political parties. Some, along with the established smaller parties, fear that the MPRP and the DP, which together account for 64 of the 76 seats in Parliament, are conspiring to revise the Election Law in a way that marginalizes small parties. Women's rights groups worry that the MPRP and DP will overhaul a quota that currently requires political parties to ensure that at least 30% of the candidates are women. END SUMMARY.

12. (SBU) Mongolian President Enkhbayar is preparing to head to Washington for meetings with the President, Vice President, Secretary of State and others, and to sign the long-awaited Millennium Challenge Compact worth \$285 million.

He leaves behind an intense power struggle within his ruling Mongolian People's Revolutionary Party (MPRP), as well as an ongoing brawl between the MPRP and the opposition Democratic Party (DP). With Parliamentary elections expected in June 2008 (and a Presidential election, in which Enkhbayar apparently hopes to participate, in May or June 2009), Enkhbayar will be hoping his White House visit - covered heavily by Mongolian media, with GOM encouragement - translates into greater popularity for himself, his faction and the MPRP. A boost couldn't come a moment too soon for the party; results of a recent survey by an independent research center, Scale, put the MPRP's approval rating at 29.9%.

13. (SBU) In the Great Hural (parliament), where lawmakers are discussing economic growth and tax revenues, the real intrigue is playing out behind the scenes, with members of the pro-Enkhbayar faction in an intense battle with the faction led by Enkhbold, the Prime Minister and MPRP Chairman. (A third faction consists of reformists led by the Education Minister, Enkhtuvshin.) Three key issues lie at the heart of the struggle between factions loyal to the President and Prime Minister. One is whether parliamentary immunity of three MPRP Parliamentarians (all from the Prime Minister's faction) should be stripped, in connection with an investigation into the disappearance of millions of dollars from the State Savings Bank. (The effort was initiated by the State Prosecutor General, a presidential appointee.) The second issue is the conviction of a former Government spokesman named Demberel, who is affiliated with the Prime Minister and was convicted on August 31 of defaming and slandering the President and an influential MP from the

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pro-President faction. Human rights activists rallied around Demberel and said his four-month sentence marked the end of freedom of speech and expression in Mongolia. Demberel's sudden and unexpected release from jail on October 11, with a heavy fine, sparked speculation that the President had engineered the release, to avoid potentially embarrassing questions on his U.S. visit (which will take him to Washington D.C., New York City, Chicago, Anchorage and Los Angeles.)

MPRP PARTY CONGRESS DRAWS NEAR

14. (SBU) The third and arguably most important front in the battle between the President and Prime Minister is an initiative to have the entire MPRP decide on whether the party's top position, the chairmanship, may be held concurrently by the Prime Minister. The initiative was supported not only by the President's faction but by the reformists. A decision on whether Enkhbold can continue to wear both hats will be made at an extraordinary MPRP Congress, the party's 25th, opening on October 22. Some 678 delegates representing the party's 130,000 members will take part in the four-day event, where the MPRP is also expected to decide on whether to change its name, ideology, structure and bylaws. (Note: Some MPRP members feel that the "Revolutionary" in MPRP misrepresents the party's current nature, and favor a different moniker; the "Labor Party," is one alternative, among others. End Note.)

ELBEGDORJ RETURNS

15. (U) The undisputed leader of the Democratic Party, Elbegdorj, has reappeared in public following an automobile accident that killed his driver and resulted in Elbegdorj's medical treatment overseas. Buoyant over the rise in the DP's approval rating to 31.5%, Elbegdorj was back in de-facto campaign mode, touring a market, chatting with passengers on a bus ride, and appearing at a popular rock concert.

NEW PARTIES EMERGING

¶16. (C) At least three new political groups have applied to register with the Supreme Court as parties, including the Mongolian Democratic Union Development Party, the Development Program Party, and the Civil Movement Party. (Comment: Some such groups wildly overestimate revenue-sharing from the future development of mineral deposits. The No. 2 official of the Civil Movement Party told us on October 17 that if Mongolia's mineral wealth were fairly distributed, the average family would receive an annual payment of at least \$10,000. By comparison, one year of salary at the current minimum wage yields \$912. End Comment.)

SMALLER PARTIES FEAR ELECTION LAW REVISION

¶17. (SBU) Members of smaller parties, both established and aspiring, are accusing the MPRP and DP of plotting to ram through revisions of the Election Law in ways that marginalize small parties. Neither the MPRP nor the DP has announced that it would seek such changes, but there has been heavy media speculation to that effect. Such suspicions were fueled by recent statements (reftel) by officials of the General Election Commission (GEC), who said they would invite Parliament to review the Election Law, as it contains a

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number of inconsistencies and contradictions. (Note: Small parties say they fear that the MPRP, with 38 of Parliament's 76 seats, and the DP, with 26 seats, will try to change the electoral system in a way that obliges voters to select political parties, rather than individual candidates. End Note.)

QUOTA FOR WOMEN CANDIDATES SEEN AS ENDANGERED

¶18. (SBU) Women's rights groups are concerned that the MPRP and DP might try to revise an Election Law provision that requires political parties to ensure that at least 30% of their candidates are women. (Specifically, the law states that the GEC will not authorize a political party to take part in an election unless at least 30% of those on the party's candidate list are women.) Neither the MPRP nor the DP has publicly indicated any such move, but there is widespread speculation that they will try to reduce the quota to 15 or 20%.

COMMENT

¶19. (C) Although Mongolians will closely watch President Enkhbayar as he meets with POTUS ("at the invitation of President Bush," as local media hasten to add), much attention will also be focused on the MPRP Congress, where the stakes are high for the President, the Prime Minister and the MPRP. Although it is possible that the MPRP will decide that the Prime Minister will no longer be able to serve as party Chairman, our sense is that Enkhbold will, in the end, muster enough support to hang on to both positions. If so, the 13 members of the pro-Enkhbayar faction may decide to leave the MPRP and, with the President, form their own party. This is because under the Mongolian system, a presidential candidate has to belong to a party that is represented in Parliament. If Enkhbold wins the crucial vote at the MPRP Congress, he will almost certainly stay on as party chief for another two years -- long enough to block, or at least challenge, Enkhbayar's anticipated bid to stand for re-election on an MPRP ticket. The Mongolian President, like his American counterpart, is limited to two terms, and all indications are that Enkhbayar will be seeking to extend his time in office. End Comment.
Goldbeck